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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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BOB BURNS
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DOUG LITTLE
Commissioner

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TOM FORESE
Commissioner

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS
ANTHEM/AGUA FRIA
WASTEWATER DISTRICT, SUN CITY
WASTEWATER DISTRICT, AND SUN
CITY WEST WASTEWATER
DISTRICT

DOCKET NOS. SW-01303A-09-0343
W-01303A-09-0343

REQUEST PURSUANT TO
A.R.S. § 40-252 FOR COMMISSION
AMENDMENT OR CLARIFICATION
OF DECISION NO. 74881

The Arizona Corporation Commission ("Commission") in Decision No. 74881 (the "Decision") ordered EPCOR Water Arizona, Inc. ("EWAZ" or "Company") to file a rate case for all five of its wastewater districts on or before September 30, 2015. The rate filing must "allow the parties to examine the information on a fully consolidated basis and on a separate wastewater system basis. A fully deconsolidated wastewater proposal, by system, shall also be included in the rate filing." *Decision No. 74881, pg. 35, lines 1-6.* The ordering provision is consistent with the parties' Settlement Agreement.

Subsequent to that Decision, the Company has begun work on the wastewater rate case filing. Based on this work, EWAZ seeks clarification on two issues. The first issue

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1 relates to the fact that a full deconsolidation filing is very costly, difficult and speculative.
2 While EWAZ stands ready to implement the terms of the Decision and Settlement
3 Agreement, it wants again to bring this issue to the attention of the Commission and other
4 parties. The second issue relates to discussions with Utilities Division Staff ("Staff") in
5 which EWAZ and Staff have different understandings about the scope of the fully
6 deconsolidated scenario.


7 Clarification No. 1: During the "interim" proceeding, some parties favored
8 consolidation and others favored the status quo leaving the districts separate. Full
9 deconsolidation became a less attractive option when compared to consolidation for many
10 of the parties that had initially raised deconsolidation as a preference. In light of these
11 circumstances, EWAZ seeks clarification as to whether the Commission still wants
12 EWAZ to incur the rate case expense of preparing a full deconsolidation scenario. EWAZ
13 currently estimates the costs of preparing the detailed support for a deconsolidation
14 scenario at approximately \$350,000. Ultimately, all of the Company's customers will pay
15 that cost in rates regardless of their position on consolidation/deconsolidation.

16 Clarification No. 2: If the Commission still wants a full deconsolidation scenario,
17 then EWAZ requests clarification on a second issue. Staff's interpretation of the full
18 deconsolidation scenario requirement is that northeast Agua Fria and Sun City West
19 should be examined together as one deconsolidated option because they use the same
20 wastewater treatment facility. In other words, Staff's interpretation of full
21 deconsolidation requires a partial consolidation scenario, the preparation of which may
22 also increase the rate case expense. The Company's interpretation is that full
23 deconsolidation does not include this partial consolidation. Instead, northeast Agua Fria
24 would become its own district under full deconsolidation. EWAZ respectfully requests
25 the Commission's clarification on this issue.
26

1 Depending on the nature of the Commission's clarifications, it may be necessary
2 for the Commission to exercise its discretionary jurisdiction under A.R.S. § 40-252 to
3 amend the Decision.

4 Respectfully submitted this 12th day of February, 2015.

6 LEWIS ROCA ROTHGERBER, LLP

7
8 By 
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13 Attorneys for EPCOR Water Arizona, Inc.

12 ORIGINAL and thirteen (13) copies
13 of the foregoing filed
14 this 12th day of February, 2015, with:

15 The Arizona Corporation Commission
16 Utilities Division – Docket Control
17 1200 W. Washington Street
18 Phoenix, Arizona 85007

19 Copy of the foregoing hand-delivered
20 this 12th day of February, 2015, to:

21 Steve Olea
22 Utilities Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

26 Dwight Nodes
Administrative Law Judge, Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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